

## **Guidelines for Developing a Business Plan for Expansion into an Investment Area**

The business plan must be realistic, supportable, and include specific elements. The following business plan is a guideline designed for use in submitting an application to serve an investment area as an underserved community.

### **1. Overlapping fields of membership**

Identify any newly chartered single or multiple common bond credit unions that have been in existence less than two years in the investment area. If needed, the regional office can provide assistance in this area.

### **2. Goals for shares, loans, and members**

What are the goals for shares, loans, and members? Use the following format to report these goals. The goals and corresponding assumptions should be included in the credit union's overall business plan. The average share and loan balance<sup>1</sup> from these goals should not exceed the credit union's average share and loan balance as reported on the last Financial Performance Report.

<b>Period</b>	<b>Amount of Shares</b>	<b>Amount of Loans</b>	<b>Number of Loans</b>	<b>Number of Members</b>
6 <sup>th</sup> month				
12 <sup>th</sup> month				
18 <sup>th</sup> month				
24 <sup>th</sup> month				

### **3. Financial services**

Identify:

- Current credit union services<sup>2</sup> and their terms (i.e. maturities, rates, fees, etc.),
- Planned credit union services,
- Time table to implement any new services and their terms,
- Include additional staffing or service expenses to provide the new services, and
- Include these expenses in the pro forma financial statements and business plan assumptions.

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<sup>1</sup> Average Share Balance = Amount of Shares / Number of members.

Average Loan Balance = Amount of Loans / Number of Loans.

<sup>2</sup> Includes, but is not limited to, all share accounts, all loan products (consumer, real estate, commercial), ATM and credit cards, internet access, educational seminars, consumer counseling, phone centers, etc.

#### **4. How will the community be served?**

- Identify the credit and depository needs of the community (i.e., no financial services available, no credit unions in the area, high fees from available financial resources, high loan rates, number of alternative bankers, etc.).
- Identify how the credit union's existing and planned services will meet and serve the needs identified above.

#### **5. Operating facilities**

- Describe the operating facility<sup>3</sup> used to serve the underserved area and its location;
- Discuss the timeframe for opening new operating facilities;
- Discuss the anticipated financial impact on the credit union in terms of the need for additional employees and fixed assets, etc;
- Provide a map clearly marking the location of the current or proposed service facility serving the investment area; and
- Include all costs related to the service facility (i.e., building, leasing, staffing, etc.) in the pro forma financial statements and business plan assumptions.

#### **6. Pro forma financial statements**

- Provide detailed pro forma financial statements (balance sheet and income and expense projections) for the 1<sup>st</sup> and 2<sup>nd</sup> year, including assumptions; and
- Provide a detailed marketing plan (with budget and calendar) for the 1<sup>st</sup> and 2<sup>nd</sup> year addressing how the credit union will advertise and market its services to the community.

#### **7. Financial statements**

Provide a copy of the credit union's most recent month ending balance sheet, income statement, and delinquency summary.

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<sup>3</sup> If a credit union has a pre-existing office within close proximity to the underserved area(s), then it need not maintain an office or facility within the underserved area. The regional office will determine close proximity on a case-by-case basis, but the residents must have ready access to the credit union office and the distance from the underserved area must not impede the majority of the residents from transacting credit union business. A credit union that does not have an existing office within close proximity to the underserved area must implement a plan to establish and maintain an office or facility within two years of adding the underserved area to its field of membership.